

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

§
In re: § Chapter 11
§
FIELDWOOD ENERGY LLC, et al., § Case No. 20-33948 (MI)
§
Debtors. § (Jointly Administered)
§

30(b)(6) ORAL DEPOSITION OF
DEBTOR FIELDWOOD ENERGY, LLC
MR. MICHAEL T. DANE
May 13, 2021

30(b)(6) ORAL DEPOSITION OF DEBTOR FIELDWOOD ENERGY, LLC, MR. MICHAEL T. DANE, produced as a witness at the instance of the Sureties and Parties-in-interest, and duly sworn, was taken in the above-styled and numbered cause on the 13th day of May, 2021, from 9:37 a.m. to 6:43 p.m., before Michelle Hartman, Certified Shorthand Reporter in and for the State of Texas and Registered Professional Reporter, reported by computerized stenotype machine via Zoom videoconference, pursuant to the Federal Rules of Civil Procedure and the provisions stated on the record or attached hereto.

Ex. A

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1 A. I don't have that number offhand.

2 Q. Is it a substantial amount of properties
3 that you just do helicopter flyovers?

4 A. I don't know what "substantial" means,
5 but there are a number that we are still in the
6 process of completing repairs to so that they can be
7 physically boarded.

8 Q. Would you say that there is over ten
9 properties or platforms that are not able to be
10 physically visited because of INCs or other issues on
11 those platforms?

12 A. So I think your question mixes a couple
13 of different concepts. There are probably over ten
14 properties that require additional repair and
15 maintenance to physically board the facility, in
16 which case they are monitored and maintained in other
17 ways.

18 Q. Does Fieldwood have any cost estimate for
19 how much money it would take to bring all the
20 properties that are not physically able to be visited
21 up to compliance so that they can be physically
22 visited?

23 A. Yes, we do.

24 Q. What is that number?

25 A. With respect to the abandoned properties,

1 the amount of capital that we have earmarked on a
2 go-forward basis to perform those types of repairs as
3 of a month or so ago was around \$6 million, and with
4 respect to the Fieldwood 1-related properties, that
5 is incorporated into our ongoing repair and
6 maintenance budgets, which we are currently spending,
7 in total, approximately \$6 million a month on, and
8 will take us several more months in order to
9 complete -- in order to put -- put all of the
10 facilities in the condition that you described.

11 Q. You said that \$6 million were
12 earmarked -- approximately \$6 million were earmarked
13 for the abandoned properties to make them safe to,
14 you know, ingress and egress.

15 Is that the amount that you estimate it
16 will cost to bring all of those lessees' leases into
17 that level of compliance or is that just what you
18 have earmarked for it?

19 A. That is our cost estimate to restore
20 egress to the facilities and to -- and to resolve any
21 safety related INCs that are outstanding or on those
22 facilities or other safety --

23 Q. Do you know how much money has been --
24 oh, I'm sorry, please continue.

25 A. I was going to say -- or any other

1 questions I have. Thank you, sir.

2 THE WITNESS: Thank you.

3 MR. PÉREZ: Who's next?

4 MR. MILLER: Brad, do you want me to go
5 next or do you want to go next?

6 MR. KNAPP: Let me go, if you don't mind.

7 MR. MILLER: That's fine.

8 EXAMINATION

9 Q. (BY MR. KNAPP) Mr. Dane, my name is Brad
10 Knapp. I'm with Locke Lord, and I represent HCCI.

11 I would like to talk about P and A plans
12 in Fieldwood I. Are you familiar with those issues?

13 A. Generally speaking.

14 Q. All right. The Fieldwood I assets
15 include a number of terminated and expired leases; is
16 that correct?

17 A. I believe so.

18 Q. And those include also leases that have
19 been terminated or expired for over a year; is that
20 correct?

21 A. I would have to look at our records to
22 confirm that, but I think in certain cases there
23 probably are some assets that have been terminated
24 for over a year.

25 Q. And you also have a number of leases that

1 have terminated or expired within the past year; is
2 that correct?

3 A. Yes.

4 Q. And you understand that the applicable
5 regulations require decommissioning of leases within
6 a year of expiration or termination; is that correct?

7 A. The regulations have time frames under
8 which decommissioning needs to be conducted and
9 reconsulted with the regulatory agencies on an
10 ongoing basis about the timing and our ability to
11 conduct certain operations contingent on a number of
12 factors.

13 Q. Do you have an understanding with the
14 regulatory agencies on what timing -- or, I guess:
15 Is there a timing in place that's unique to Fieldwood
16 right now that departs from the regulations?

17 A. I don't understand your question.

18 Q. Do you have an agreement with the
19 government that would extend the one-year shot clock
20 for conducting decommissioning on terminated or
21 expired leases?

22 A. I already answered that question. With
23 respect to agreements that we have with the
24 government, we waive any existing regulations.

25 Q. Understood. Understood.

1 being conducted largely through our going repair and
2 maintenance efforts, which -- which are at a very
3 high level of activity as we speak.

4 Q. And has Fieldwood received INCs requiring
5 decommissioning of assets?

6 A. We have received INCs in the past with
7 respect to decommissioning.

8 Q. And do you know if there are pending INCs
9 requiring decommissioning?

10 A. Yes.

11 Q. Has Fieldwood appealed those INCs are or
12 are they just sitting there?

13 A. We're addressing each one as appropriate.

14 Q. Okay. Staying on that regulatory
15 subject: Is Fieldwood I now a qualified operator?

16 A. I don't believe that.

17 MR. PÉREZ: Yeah, Fieldwood I doesn't
18 exist yet, so --

19 MR. KNAPP: Well, then I guess the
20 answer's no. I guess the answer's no. Well, I guess
21 my question -- let me rephrase that.

22 Q. (BY MR. KNAPP) Well, first of all, okay,
23 let's just take it: Fieldwood I does not exist.

24 Have you had conversations with the
25 government about whether Fieldwood I will be a

1 qualified operator as of the plan effective date?

2 A. The government understands the plan and
3 the various entities that are contemplated, and we
4 are working very closely with the government on an
5 ongoing basis to try and facilitate all the elements
6 of the plan that are required.

7 Q. A quick question going to the financial
8 projections for Fieldwood I, and to just kind of
9 clarify the earlier testimony about what work is
10 planned going forward for the capital spend, the
11 capital spend budget in Exhibit O to the Disclosure
12 Statement contemplates only well recompletions; is
13 that correct?

14 A. Yes.

15 Q. Okay. And those well recompletions are
16 based on sort of a general budget for recompletions
17 and not tied to -- there is no specific list of
18 recompletions that are planned; is that correct?

19 A. With respect to the projections, the
20 basis for the spending on capital related to
21 Fieldwood I and the production contributions was a
22 type curve type of methodology, which was based on
23 our historic results and opportunities that related
24 to those assets. We do have actual lists of
25 opportunities, but that's not the basis for what

1 Are they still with the organization?

2 A. They are.

3 Q. And is it their intent to stay also, do
4 you know?

5 A. Yes.

6 Q. Okay. So --

7 A. I believe so.

8 Q. Let's shift gears and talk about INCs for
9 a minute. We were talking about INCs with the
10 sureties. Is it the company's intent to resolve all
11 of the INCs before the planned confirmation date?

12 A. It is the company's objective always to
13 resolve as many INCs as they can. Largely, that's a
14 scheduling issue more than anything. The company is
15 not going to be able to resolve all of the INCs prior
16 to the confirmation date, which is only weeks away.

17 Q. What about the effective date, could the
18 company resolve all the INCs before the effective
19 date?

20 A. What INCs are you speaking of
21 specifically?

22 Q. All of them, all of the outstanding INCs
23 before the planned confirmation -- or planned
24 effective date, is that something the company could
25 do?

1 A. No.

2 Q. So just so we're clear on the record,
3 before Fieldwood abandons the property, it doesn't
4 intend to resolve all the INCs; is that correct?

5 A. Correct.

6 Q. Before Fieldwood abandons the property,
7 is it going to make sure that all of the safety
8 systems are in service and operational on the
9 properties?

10 A. The operational transition plans that
11 have been developed for each asset contain an
12 asset-by-asset plan that's specific to each property
13 that's appropriate to ensure that these properties
14 are being abandoned or safely transitioned in a
15 manner that doesn't compromise any environmental or
16 regulatory concerns, and that determination is done
17 on an asset-by-asset basis and is a part of our
18 operational transition plans and how we manage these
19 transitions.

20 Q. During the first bankruptcy, were
21 properties abandoned?

22 A. No.

23 Q. So this is the first time that in a
24 leadership capacity you've had to abandon properties
25 in a bankruptcy, correct?